



## NEWS REPORTS IN THE MEDIA

Subject: Statement made pursuant to Capital Markets Board Communiqué

Borsa Istanbul  
ISTANBUL

### **Material Event(s) to be disclosed:**

It has been observed that some local media outlets are reporting, by citing Aykut Erdoğan, an MP representing Istanbul from the Republican People's Party, that Halkbank has been laundering Iranian assets considered as illicit. It is further asserted that Halkbank serves as a vehicle for fake exports; that Halkbank has been violating applicable laws; that Halkbank serves as an intermediary for fake trade in gold and sugar; and that Halkbank is involved in money laundering by using foreign currency as well as gold smuggling.

Our bank has always complied with local and international laws in all foreign trade transactions for which it has served as a financial intermediary. Halkbank has never engaged in any transaction in violation of the Law Regarding the Protection of the Value of Turkish Currency (Decree No. 32) issued by the Central Bank of the Republic of Turkey; the export and import circular issued by the Undersecretariat of the Treasury and the Ministry of Economy; the rules and regulations issued by the International Chamber of Commerce (ICC) such as the Uniform Rules for Collections (URC) and the Uniform Customs and Practice for Documentary Credits (UCP); and the sanctions imposed on Iran. This has been confirmed through internal audits and audits performed by the Banking Regulation and Supervision Agency (BRSA) and independent audit firms.

It has been alleged that our bank has been audited by and received a warning from the United States and the United Nations. Halkbank is a company that engages in transactions in international markets and complies fully with both local and international rules and regulations. Naturally, our bank maintains contacts with the regulatory bodies that issue these rules and regulations in order to clarify any legal ambiguities. This relationship is entirely based on exchange of information and cannot be characterized as constituting an audit or warning. Contrary to allegations, our bank has been recognized and appreciated by many institutions for its strict compliance with the sanctions and its contribution to the smooth running of the legal trade between the two countries.

It has been alleged that our bank has laundered money by serving as an intermediary in fake trade, converted from US Dollar to Euro in order to hide its transactions and operate outside of the boundaries of the international system and opted for performing transactions by fax rather than by SWIFT. The funds for which our bank serves as an intermediary are generated through the legal oil and natural gas trade between Turkey and Iran. The trade with Iran is not denominated in US dollars because of the sanctions levied by the United States. This is a policy implemented throughout the world. The allegations that the SWIFT system has been dropped to circumvent these restrictions are false. All transactions are being carried out in compliance with the international system and laws.

The allegation that our bank has unlawfully served as an intermediary for transactions worth €87 billion with Iran is false. The balance sheets, income statements and annual reports of Halkbank have been audited and shared with the general public in a transparent and open manner during the periods in question. That fact that the purported trade volume is false can be seen clearly upon reading of the aforementioned documents. Furthermore, the improvement of the balance sheet quality and profitability figures of our bank by years can be seen clearly on the balance sheets of the Bank. During the said periods, Halkbank was among the top performers in terms of return on equity both in the world and in Europe. Acting within the applicable laws, Halkbank signed up many large global companies which enjoy a high reputation in international markets and expanded its share through transactions other than those intermediated with Iran. Companies that serve as intermediaries in Iranian trade are among our best customers.

Similarly, some media outlets are alleging that some loans extended by Halkbank have gone default. There is no such debt from the company mentioned in the news reports to our bank in the amount of 137 million Turkish lira and the real estate mentioned could not possibly be pledged as collateral for the loan. Furthermore, the document used as the basis of the allegation, which stated that the said company owed 137 million Turkish lira to our bank, was not only drafted fraudulently, but is also void from a legal standpoint. Even those who are not well versed in the issue can easily see through simple examination that no such amount is owed to our bank. Halkbank provided the said company with loans in the amount of \$5.86 million on May 15, 1998 and August 20, 1998. The loans were transferred to the loan monitoring accounts on June 21, 2000. Between this date and July 14, 2009 on which the said company went bankrupt, a total amount of \$2.46 million was collected from the company as a result of collateral liquidations and signed payment protocols. On November 18, 2011, an additional \$15 million was collected under a transfer of receivables arrangement as a result of which our bank collected all of its receivables in the amount of \$17.46 million.

Notwithstanding the explanations made by our bank, we reserve our legal rights against those who continue to issue misleading and false news reports aimed at tarnishing the reputation of Halkbank.

We hereby declare that the above statements conform with the principles contained within the Capital Markets Board Communiqué on Material Event Disclosures; that it fully reflects the information received in connection with such matter(s); that the information complies with all books, records and documentation; that we have expended all necessary efforts to obtain complete and accurate information related to the matter; and that we are responsible for all statements made in this regard.

TÜRKİYE HALK BANKASI A.Ş.

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